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TOKYO SHIMBUN (Top play) (Excerpts)
October 16, 2006

Yasunori Ishikawa, New York

The United Nations Security Council unanimously adopted on the afternoon of Oct. 14 (early hours of Oct. 15, Japan time) a resolution on sanctions against North Korea under Chapter 7 of the UN Charter in reaction to its claimed nuclear test. The resolution mandates nuclear disarmament, a trade embargo on materials and

technologies for developing weapons of mass destruction and ballistic missiles, a freeze on financial assets, cargo inspections, and other steps.

China's decision not to join cargo inspections raises questions about effectiveness of UN resolution

(Commentary) Now that it has adopted its resolution, the UN Security Council will impose severe sanctions on North Korea so as not to allow it to continue running its nuclear and ballistic missiles programs any further.

But China has already announced that it would not conduct cargo inspections, as stipulated in the UN resolution, raising questions about its effectiveness. Dr. Wade L. Huntley, Program Director at the Simons Center for Disarmament and Non-Proliferation Research at the University of British Columbia, expressed this view to the Tokyo Shimbun: "Cargo inspections would have a deterrent effect on North Korea to a certain extent, but China's nonparticipation in the program would serve as a big loophole." The network of surveillance may not expand beyond the "coalition of the willing."

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At the same time, the resolution has effectively given a seal of approval to the US-led Proliferation Security Initiative (PSI), according to Huntley. The PSI designed to allow military ships to inspect vessels on high seas is illegal under international law. But the PSI has gained validity with the UNSC resolution.

Generally all economic resources for nuclear development would be cut off, with such requirements as a freeze on financial assets and a ban on drug trafficking and counterfeiting - steps believed to be generating funds for nuclear development - effectively constituting "illegal means."

The UNSC has taken a step to contain North Korea in reaction to its claimed nuclear test. The step would drive the rebellious North to a tighter corner, reducing chances for a resumption of the six-party talks.

4) Government to expand financial sanctions: Exports of luxury goods also to be banned

NIHON KEIZAI (Page 1) (Full)
October 15, 2006

The government has decided to take additional sanctions measures once the United Nations Security Council (UNSC) adopts a sanctions resolution against North Korea. The package includes an embargo on luxury goods, withdrawing money from accounts and overseas remittances of money suspected of links to wrongdoings by North Korea. Regarding ship searches, the package also eyes ship inspections by the Maritime Self-Defense Force and full-fledged consideration to providing logistical support to US vessels, including fuel supply.

The embargo on luxury goods will be introduced, based on the revised Foreign Exchange and Foreign Trade Control Law, targeting such items as cigarettes and liquor, expensive cars, and electronic appliances.

As an embargo item, the UNSC resolution includes materials related to weapons of mass destruction. The Ministry of Economy, Trade and Industry has already banned exports of such goods to that nation under its trade regulations.

Regarding financial sanctions, the government has by adopting an approval system already frozen in effect withdrawal of money from accounts with domestic banks and overseas remittances by 15 organizations and one individual strongly suspected of ties to North Korea's development of WMD. The government also intends to expand the number of designated organizations and individuals, making financial transactions linked to counterfeiting and drug dealing also the target of sanctions.

However, since it takes time to coordinate views with concerned countries, such as the US, and gather information in order to identify bank accounts related to North Korea, it appears that it will be some time until those sanctions are invoked.

In order for MSDF troops to take part in ship inspections or provide logistical support to US vessels, it is necessary either to apply the Law on a Situation in the Areas Surrounding Japan, recognizing a contingency in an area surrounding Japan, or to enact new legislation. The government will compile sanctions measures based on

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US requests.

5) Japan, US, S. Korea to hold foreign ministerial in Seoul on Oct. 19

NIHON KEIZAI (Page 1) (Full)
October 16, 2006

SEOUL-Japan, the United States, and South Korea has entered into final coordination to hold a trilateral meeting of Foreign Minister Taro Aso, US Secretary of State Rice, and South Korean Foreign Affairs and Trade Minister Ban Ki Moon in Seoul on Oct. 19. The three countries will consult on their responses following the United Nations Security Council's adoption of a resolution to impose sanctions on North Korea. They will confirm trilateral unity for specific steps, such as how to proceed with sanctions. This is aimed at urging North Korea to comply with the UNSC resolution, which calls for North Korea to give up its nuclear programs.

6) Gov't mulls MSDF participation in ship inspection

YOMIURI (Page 1) (Abridged)
October 16, 2006

Following up the United Nations Security Council's adoption of a resolution to impose sanctions on North Korea, the government decided yesterday to recognize (North Korea's recent proclamation of a nuclear test as) a situation (i.e., a contingency) in areas surrounding Japan and respond to the situation if and when US forces inspect ships to and from North Korea in the Sea of Japan or elsewhere in the neighborhood of Japan. The Maritime Self-Defense Force will participate in ship inspections under the Ship Inspection Operations Law. In addition, the MSDF will also back up US naval vessels in the rear through refueling services and other measures under the Law for Situations in Areas Surrounding Japan or the so-called regional contingency security law. In case other countries participate in ship inspections, the MSDF is not allowed under the current law to provide their naval vessels with rear-echelon support. The government is therefore mulling a new law.

The regional contingency security law defines situations in areas surrounding Japan as "situations that will have an important influence on Japan's peace and security." In 1999, the government specified "the case where a country's conduct is regarded by the UNSC as a threat to peace and is subject to economic sanctions." The government judges that the series of situations this time falls under this case.

7) Japan to cooperate with US military on ship inspections under surrounding situations (regional contingency) law

NIHON KEIZAI (Page 1) (Full)
October 16, 2006

In the wake of the United Nations Security Council's adoption of a sanctions resolution against North Korea over its proclamation of a nuclear test, Foreign Minister Taro Aso, appearing on NHK and other TV programs aired yesterday, indicated that Japan should cooperate with US forces in inspecting the cargoes of ships to and from North Korea under the Law for Situations in Areas Surrounding Japan or the so-called regional contingency security law. This envisions rear-echelon logistics, such as refueling US naval vessels, and ship

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inspections to be conducted by the Maritime Self-Defense Law under the Ship Inspection Operations Law.

At the same time, Aso also suggested the need for the government to consider establishing a special measures law after recognizing (North Korea's proclamation of a nuclear test as) a situation in areas surrounding Japan in order to have the MSDF enforce ship inspections under that law.

The government is now studying whether to recognize a situation in areas surrounding Japan to further international pressure on North Korea. "Japan will work together with the international community to stop North Korea from acquiring nuclear weapons," Prime Minister Shinzo Abe told reporters in Tokyo yesterday. "We're now already studying (specific measures), but I'd like to make a final decision," the premier added.

However, the New Komeito party, a coalition partner of the ruling Liberal Democratic Party, is opposed to recognizing a situation in areas surrounding Japan at this point.

8) Futenma the Achilles' heel for ruling, opposition camps in Okinawa gubernatorial election next month

ASAHI (Page 38) (Full)
October 15, 2006

The outcome of the Okinawa gubernatorial election (on Nov. 19) will significantly affect the future course of the realignment of US forces in Japan. The two candidates representing the ruling and opposition blocs are stepping up efforts to drum up support, but they are faced with difficult issues in connection with the thorny Futenma relocation issue.

The Liberal Democratic Party and the New Komeito support Hirokazu Nakaima, 67, former chairman of the Okinawa Prefecture Chamber of Commerce and Industry and former vice governor.

Nakaima used to be an official of the Ministry of International Trade and Industry. After serving as chairman of Okinawa Electric Power Co., he assumed the post of vice governor in 1990 in response to an offer by then Governor Masahide Ota. He was in office for two and a half years while serving as a pipeline between the central and prefectural governments.

The ruling camp highlights his achievements and skills as a business leader. Nakaima has pledged to lower Okinawa's unemployment rate, the highest in the nation, to the national average. But he is nervous about his career as a former bureaucrat being spotlighted. Over the issue of relocating the heliport functions of the US Marine Corps' Futenma Air Station, many residents have expressed opposition to the government's plan to build runways in a V-shape in Nago City. The present prefectural government has also said the plan is unacceptable. Given the circumstances, the candidate representing the ruling camp does not want the image of being "obedient to the government."

Meanwhile, Minshuto (Democratic Party of Japan), the Japanese Communist Party (JCP), the Social Democratic Party (SDP), the Okinawa Shakai Taishuto (Okinawa Social Mass Party), and the Liberal League have decided to field Keiko Itokazu, 59, a House of Councillors member.

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After graduating from Yomitan High School, he became a bus tour guide to convey the tragedy of war and call for peace. After serving three terms in the Okinawa Prefectural Assembly, she won the Upper House election in 2004 in the Okinawa electoral district, defeating the candidate backed by the LDP and the New Komeito, with the

support of Minshuto, the JCP, and the SDP. She is ready to focus on the base issue in the election campaign.

The Futenma issue is the Achilles' heel for both candidates. Nakaima's stance on this issue remains hazy. Although he has said, "I cannot support the V-shape plan," he has refused to promise to transfer the heliport somewhere outside the prefecture. When asked if he approves the transfer of the facility within the prefecture, Nakaima just replied, "Please understand my feelings."

Nakaima was initially in favor of the V-shape plan. A member of his camp said: "When the current governor based on the stance of supporting the transfer of the facility within the prefecture was elected in the gubernatorial election eight years ago, this issue was resolved. Now, only efforts to try to find common ground are needed."

Itokazu's assertion "I will not allow the government to build a new base. Futenma should be moved out of the nation" appears to be clear-cut. But the local communities involved in the V-shape plan, including Nago City, have already agreed to accept the plan, though they do not agree on some contents, like the length of the runway. In a press conference, Itokazu just said, "Once I become governor, I will make efforts to bring in municipal government heads who are against the new base plan."

9) Itokazu reveals basic policy in run-up to Okinawa gubernatorial election, underscoring objection to government's new base plan

AKAHATA (Page 2) (Excerpts)
October 14, 2006

In the Okinawa gubernatorial election (official announcement on Nov. 2, election set for Nov. 19), the main point at issue is whether to allow US base functions to be strengthened or to take steps to remove US military bases from Okinawa. Keiko Itokazu, who has announced her candidacy as an opposition contender, gave a press conference in Naha City yesterday and revealed her basic policy prior to the kickoff of the election campaign.

Itokazu has concluded an agreement on basic policy with the Japanese Communist Party, the Okinawa Shakai Taishuto (Okinawa Social Mass Party), the Social Democratic Party, Minshuto (Democratic Party of Japan), and the Liberal League. Their representatives also joined the press conference.

Itokazu will call for the US Marine Corps' Futenma Air Station to be immediately closed down and returned to Japan. She will also oppose the plan agreed on between the governments of Japan and the United States to build two runways across the tip of Cape Henoko in a V-shape, and she aims to reduce and remove US military bases.

Her stance is squarely responsive to local citizens' call for a base-free Okinawa, in contrast to Hirokazu Nakaima, who is supported by the Liberal Democratic Party and the New Komeito. Nakaima has indicated a stance of accepting the government's new base plan,

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saying, "I am willing to confer with the government and reach a solid settlement while giving full consideration to local people's intentions and the environment."

Itokazu told reporters, "In opinion surveys, 72% of the people of the prefecture are opposed to the Cape Henoko plan," and stressed her determination to highlight the US military base issue as the top issue in the gubernatorial election campaign.

10) Nakagawa: Debate on nuclear armament acceptable

YOMIURI (Page 2) (Abridged slightly)
October 16, 2006

Liberal Democratic Party Policy Research Council Chairman Shoichi Nakagawa on a TV-Asahi talk show yesterday made the following comment regarding North Korea's declared nuclear test:

"Possessing nuclear weapons is not prohibited under the Constitution (of Japan). The possession of nuclear weapons would reduce the possibility of being attacked by (other countries). The idea of retaliation is natural. A country whose mindset is beyond our comprehension has declared that it has (nuclear weapons). Those weapons must be eliminated at all costs."

Nakagawa's comment has created a stir in the New Komeito, the LDP's coalition partner, and opposition parties amid growing concern overseas about Japan arming itself with nuclear weapons.

After the program, Nakagawa explained to reporters:

"(Japan) has the three nonnuclear principles, and we will not abandon them right away. I'm not discussing the matter on the assumption that Japan should possess nuclear weapons. The step has both advantages and disadvantages."

LDP Secretary General Hidenao Nakagawa defended the policy chief's comment this way in Atsugi, Kanagawa Prefecture:

"Mr. Nakagawa's comment was neither emotional nor idealistic. I am taking it to mean (a discussion for) building a solid rationale for the continued observance of the three nonnuclear principles as a cool-headed strategy, as was announced by the prime minister."

Meanwhile, Prime Minister Shinzo Abe unequivocally indicated in a speech in Ibaraki City in Osaka yesterday that Japan would maintain the three nonnuclear rules.

New Komeito policy chief Saito objected to Nakagawa on the same program: "We will absolutely not possess nuclear weapons. We must not discuss the matter because this would raise international speculation." Minshuto (Democratic Party of Japan) Secretary General Hatoyama also criticized Nakagawa in Ibaraki: "The logic of Japan going nuclear following North Korea would proliferate nuclear weapons (throughout the world. The logic is outrageous."

11) Nakagawa's call for nuclear armament draws fire from government and political community

MAINICHI (Page 2) (Abridged)
October 16, 2006

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LDP Policy Research Council Chairman Shoichi Nakagawa on a TV-Asahi program yesterday raised the idea of Japan arming itself with nuclear weapons. But his argument is unlikely to gain ground immediately in the government and the ruling coalition. Nakagawa's argument -- an international taboo -- has drawn fire from the government and the ruling and opposition camps following the international condemnation of North Korea's declared nuclear test.

Nakagawa said on the program: "If possessing nuclear weapons would reduce the chance of Japan being attacked, playing tit for tat is natural."

Nakagawa later told reporters: "I'm not discussing the matter on the assumption that Japan should possess nuclear weapons." As a person responsible for policies of the ruling LDP, Nakagawa's comment may cause a sensation at home and abroad.

Defense Agency Director General Fumio Kyuma clearly rejected Nakagawa's statement while speaking to the Mainichi Shimbun yesterday: "Such an argument is not prevalent at the moment. There is no need for it. Japan has been conducting things under America's nuclear umbrella in accordance with the US-Japan Security Treaty. That has been the best approach and sufficient."

Another cabinet minister also noted: "The possession of nuclear weapons would eliminate the need to remain under America's nuclear umbrella. Even if Japan possessed nuclear weapons, we would not be able to vie with China, which has hundreds of them."

Former LDP Secretary General Koichi Kato took this view: "I don't understand what made Mr. Nakagawa to make such a comment. We must put a brake on (such a statement), because otherwise Japan would be misunderstood in the rest of the world."

Minshuto (Democratic Party of Japan) Secretary General Yukio Hatoyama delivered a speech in Ibaraki City, Osaka, yesterday in which he criticized Nakagawa: "(Mr. Nakagawa's theory) is an eye for an eye. Japan possessing nuclear weapons following North Korea would result in nuclear proliferation. Japan, as the only country in the world that ever suffered an atomic bombing, must exhibit strong leadership in nuclear disarmament without possessing nuclear weapons."

12) Prime minister makes his first stump speeches for candidates in Lower House by-election; Stresses results of his recent visits to China and South Korea; Makes public appeal on his policy in relaxed manner

TOKYO SHIMBUN (Page 2) (Excerpts)
October 15, 2006

Prime Minister Shinzo Abe on the afternoon of Oct. 14 made street-corner campaign speeches at three locations in Kanagawa Prefecture for a candidate running in the Lower House by-election in the Kanagawa Constituency No. 16. It was the first time for the prime minister to make stump speeches.

Abe made a campaign tour to three locations, including Sagami-hara City. A total of 16,000 people, a figure released by the organizer, gathered to listen to Abe's speeches. He consistently spoke in a relaxed manner. It appeared that this reflected his confidence that he has embarked on his administration without a hitch. However, why

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he spoke in such a slow manner was revealed at the outset of his speech.

Touching on the candidate running on the Liberal Democratic Party's ticket, Abe evoked laughter, revealing an episode: "He is a rookie candidate, but his campaign speeches are wonderful. When I first ran in an election, members of my support organization told me off, 'Speak more slowly.'" Abe thus appeared to be considerably aware of his weak point of speaking rapidly.

He then turned serious and spoke on key policy items.

He spared a considerable amount of time for reform of social security. While referring to the need to cut pension payments to some extent and raising health insurance premiums due to the declining birthrate, he touched on reform of the Social Insurance Agency and stressed, "I will drastically reorganize the agency into a reliable organization."

13) Government, governing coalition to give top priority in Diet debate to Japan's response to N. Korea

YOMIURI (Page 4) (Full)
October 15, 2006

With the end of the question and answer sessions in the budget committees of both the houses of the Diet, full-fledged discussions on bills will now start in the Diet. The government and the ruling coalition intend to give the highest priority to Diet deliberations on Japan's response to North Korea's claim of having tested a nuclear bomb, including implementing sanctions. They will speed up this deliberation process, because the process, if prolonged, would affect the deliberation schedule for other bills, such as an amendment to the Basic Education law, which is viewed as one of the key bills to be dealt with during the current Diet session.

Public expectations

The United Nations Security Council (UNSC) plans to incorporate ship

inspections of North Korean and other countries' ships in its new sanction resolution against that country. In order to enable Japan to take part in the inspections and provide logistic support to US forces, the government is examining what situation will be regarded as the one as described in the Law on Situations in Areas Surrounding Japan. Some in the ruling parties are calling for establishing a special measures law so that Japan can conduct ship inspections and that Japan can work together with not only US troops but also other countries' troops.

A cabinet meeting would decide whether the situation is recognized as "a situation in areas surrounding Japan," and in addition, it necessary to obtain prior approval from the Diet except in the case of an emergency. In the case of establishing a special measures law, much more time will be certainly required.

The ruling Liberal Democratic Party's (LDP) Diet Affairs Committee Chairman Toshihiro Nikai, asked on Oct. 13 by reporters about the party's response to the case of establishing a special measures law, underscored his stance of giving the highest priority to the matter, telling reporters: "If a bill concerning this matter were submitted to the Diet, we must reach a conclusion during the current Diet session; otherwise we would betray public expectations." But

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cautious views have been voiced in the LDP's junior coalition partner New Komeito and the opposition Democratic Party of Japan (Minshuto). Chances are that discussions will heat up in the Diet.

No clear timetable in sight for Diet deliberations on bills

Some in the ruling parties, meanwhile, are beginning to express concern about what will happen to other key bills.

In the Lower House plenary session on Oct. 13, an amendment to the Antiterrorism Special Measures Law came at the top of deliberations among the key bills. The amendment is intended to extend the term of refueling US and British forces now going on in the Indian Ocean for another one year.

But full-scale deliberations on other key bills are unlikely to occur before late October, which means that there will be less than only two months left for deliberations before the current Diet session closes (on Dec. 15). The reason is the first national elections since the Abe administration came into being. The by-elections in Kanagawa No. 16 District and Osaka No. 9 District for Lower House seats are slated for Oct. 22; during the election campaign, the Diet will be in effect in "political recess."

The Antiterrorism Special Measures Law is due to expire on Nov. 1, so an amendment to the law needs to be enacted by the end of the month. The ruling parties are trying to get it through the Lower House on Oct. 19, but the opposition parties are opposing the extension of the law.

On an amendment to the Basic Education Law, which Prime Minister Abe regards as the top priority challenge, the ruling camp wants to have it passed by the Lower House in early November. But the opposition camp is insisting that there should not be a rush to get it approved during the current Diet session. In the Lower House Special Committee on the Basic Education Law, the post of director to be filled by a Minshuto lawmaker has yet to be filled, making it unclear when the committee will be convened.

14) Drafting of mid-term reform policy next January decided at first CEFP meeting under Abe administration: Prime minister orders growth-sustaining measures

NIHON KEIZAI (Page 1) (Full)
October 14, 2006

The Council of Economic and Fiscal Policy (CEFP, chaired by Prime Minister Shinzo Abe) on Oct. 13 met for the first time under the Abe administration at the Prime Minister's Official Residence (Kantei). Participants in the meeting decided to compile a mid-term reform

policy covering the next five years or so next January. The prime minister ordered the panel to include specific measures designed to sustain growth of the Japanese economy in the mid-term reform policy, noting: "I would like the panel to serve as the engine for the government's reform drive. I want you to consider a path toward reform at an early date for further growth of the economy."

The meeting brought together four newly appointed private-sector members of the panel, including Fujio Mitarai, chairman of the Japan Business Federation (Nippon Keidanren) and also chairman of Canon. Participants exchanged views with the prime minister and related cabinet ministers for an hour and 10 minutes.

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Private-sector members released a set of proposals titled "For Creation and Growth." The package proposed a plan to shift the Japanese economy to a new growth track in about five years and tackle intensive reform during the first two years. It also included challenges in seven areas, including improving productivity and regulatory reform.

Participants in the meeting vowed to press ahead with efforts to consider proposals offered by private-sector members. They decided to enter intensive deliberations on key consideration items, including reform of the decentralization system, at the next session in preparation for drafting a mid-term reform policy.

Speaking to the press after the meeting, State Minister in charge of Economic and Fiscal Policy Hiroko Ota noted: "Growth can be achieved only through comprehensive reform. We would like to deliberate on issues, based on proposals made by private-sector members."

SCHIEFFER